A BOARD MEMBER'S GUIDE FOR EFFECTIVE BOARDS

OVERVIEW OF BOARD ROLES



What should our roles be in terms of fulfilling our mission?

- C Defining a mission
- C Planning
- **C** Governing staff management
- C Providing oversight of projects
- C Raising money

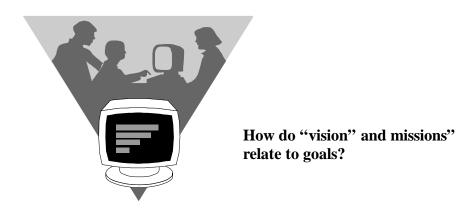
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1. ROLE OF THE VISION AND MISSION STATEMENT



Short Answer

Goals are what you hope to accomplish as an outcome of your efforts. A vision is a picture of what your situation would be like once your goals are achieved. A mission is a statement of purpose that connects your philosophy, principal activities and goals.

A vision statement, or simply describing what the desired state would be like, is a good starting point for bringing different expectations and perspectives together. A vision is concrete and can be described in a few words or brief phrases, allowing everyone to participate in forming the vision regardless of their verbal skills. Once there is agreement on what the desired state would look like, the board can move on to discuss their purpose and general strategy for accomplishing their goals. This discussion, summarized, can be the board's mission statement. Mission statements help keep the board focused on their goals and strategies and why they are important. Mission statements are also useful to orientate new members or inform outsiders about the board's purpose and plans.

Long Answer

It is common for formally boards to adopt mission statements that serve as formal statements of the board's basic strategy, purpose or goals. Mission statements help advertise the board and promote community awareness and board identity. The challenge with mission statements is that they are typically used to collapse a range of activities and outcomes and philosophy or concepts into a short statement. Mission statements tend to be a summary of all the important information that the community board wants to communicate. This results in mission statements that consist of broad, abstract terms that don't address the specifics of the project.

It is the board's vision, not the mission statement, that keeps the board focused. Boards that skip the vision exercise and go directory to planning their work, solving problems or forming mission statements will experience conflict later when they become aware that they each are pursuing divergent expectations or visions. Jumping to discussing solutions to the problem first is tempting because everyone has the illusion that they see the problem (current state) and the goal (ideal state) the same. This is never the case in a group of more than two people. A vision exercise will reveal variance among board members and allow the board to adjust their respective viewpoints to accommodate a shared vision. This, in turn, greatly reduces conflicts around methods, activities and control of resources. Whenever judgments are made, the Board simply asks the question, "How does this relate to our vision?"

2. PLANNING



"What is strategic planning and how do we do it?"

Short Answer

Strategic planning is long-range planning in pursuit of the community board's mission and goals. Strategic planing is usually concerned with decisions that have major impacts and are hard to reverse. To plan strategically, first determine the cause of the problem and then the interventions that will correct the problem. This entails researching possible options and selecting those that fit the board's philosophy and mission.

Long Answer

Planning begins with the vision that represents the ideal state. The vision is the planning or "wishful" scenario—how things will look when the strategic plan is implemented. The strategic plan is the process by which interim objectives are achieved that lead to the goals stated in the mission. Objectives are defined here as performance milestones with schedules and time-tables.

"What is the difference between short-range and long-range planning?" The planning done around an objective is called "tactical" or short-range planning.

Tactical planning is more narrow in scope that strategic planning, but both are relative terms just as are long-range and short-range are relative. One example of strategic planning is when the community board decides its basic strategy for accomplishing its mission. The formulation of the mission statement and the clarification of goals is part of a strategic planning process. Where tactical planning may fall in the hands of project staff or contractors, strategic planning is always the purview of the board's leadership or governing body and is never delegated to agents outside the board.

Planning is a never ending process since no one has complete control over the conditions and factors that influence the way project work is done. Nor does any planner have all the necessary information necessary to build an enduring plan. A plan is a projection into the an uncertain future with incomplete information. Consequently, plans must be compared to what actually occurred and revised when they no longer address the needs of the board. This applies to both tactical and strategic plans.

Strategic planning is a matter of:

- C Researching possible cause and effect relationships to the problem to develop a sound problem statement;
- C Constructing an intervention around the problem statement; and,
- C Evaluating objectives and overall effect of the project against what would have happened had there not been an intervention.

Information from this examination of the implementation of the plan leads, usually to revisions in the plan. And so it goes.

3. BOARD GOVERNANCE AND STAFF MANAGEMENT



What is our relationship to the corporation's staff?

Short Answer

Hire and supervise a capable administrator. Your relationship is with the chief executive. Let your chief executive director hire and supervise all staff. Hiring and supervising personnel is a full time job that board members should avoid.

Long Answer

The board's responsibility is to set the boundaries for staff work through its policies and direction to the chief executive. Most experts advise boards against the direct supervision and hiring of staff with the exception of the executive director. When the board becomes directly involved with personnel decisions, it can lead to undercutting the executive director or chief administrator's authority. When boards manage staff or contractors, they generally do it through their chief administrator rather than directly.

The best strategy is to first engage a capable administrator who has successfully administered similar projects before. The administrator can do the rest of the work to bring on other staff as they are needed.

4. PROVIDING OVERSIGHT OF PROJECTS



"How do we assure a successful mission?"

Short Answer

Making sure that the mission is achieved is largely a matter of collecting appropriate information about the project work to determine if the work is on schedule, operating within budget constraints and producing or likely to achieve the board's goals.

Long Answer

Many boards assume responsibility for the quality and efficiency of community projects. Examples include job training programs, Headstart programs, beautification projects, or other projects that provide services or benefits to the community. This responsibility calls for the board to monitor the progress of the project and determine whether it is:

On schedule:

- C Operating within the budget constraints; and,
- C Producing or likely to produce the desired outcomes.
- C Desired outcomes are relevant to the mission.

Without reliable and objective information, the board cannot exercise their responsibility for fulfilling their mission.

One can see that having a plan that projects time frames, cost and results is critical to this process. Although plans frequently change, they set the general standards for the organization's work and the board's basis for measuring success. Without first forming agreement about the plan and criteria for success, subsequent evaluations share no common criteria.

Budgets and schedules are the easiest to assess because the data are objective and finite. I.e., there is a limit to the ways that compliance to budget projections and schedules can be expressed. You are either over or under the planned level of expenditures as expressed by percentages by categories of costs.

Outcomes or results are frequently expressed in terms that have many possible interpretations, thus making this aspect of quality the hardest to evaluate. For example, outcomes of a mentoring program for participants in an apprenticeship program could be a mixture of objective and subjective results--reduced days absent and greater motivation in class. Changes in days absent is easily ascertained; however, changes in motivation levels is a subjective assessment by teachers and mentors. Comfort levels of evaluators drop when there appears to be no positive correlation between desired outcomes. For example, when the mentoring program produces better motivation but more absent days.

Although the complexities of measuring benefits can call for outside assistance, once the measures are determined, collecting the information on a regular basis is a matter of self-imposed discipline. Many boards fail or allow their staff and contractors to skip making regular reports. Sometimes the reports are vague or confusing, contradictory or useless for the purpose of measuring quality.

The criteria for whether reports are providing the community board with adequate information are:

- C All board members understand the reports in the same way.
- C Reports answer key questions--Are we on schedule? Are we aligned with spending projections? Are we achieving the desired objectives or goals of the program? How are we varying from plan?
- C Frequency of reports allow the board to identify trends and make changes to improve the original plan.

5. FINANCIAL AND RESOURCE SUPPORT



"How do we raise money and secure other resources? "

Short Answer

Map and tap community resources first. That is where you have the greatest influence and where most of the money is. Foundations and federal agencies are other sources of money if you can launch a competitive, well written application and your problem matches their solution.

Long Answer

Most of the money and resources available to support community projects resides within the community. Outside sources of funding in the form of foundation and federal grants are popular but are not as accessible because of the competition from numerous other boards. Nor are these funds, proportionately, as plentiful. The ratio of grant applications to available funding makes securing outside grants highly competitive, even once you find a source for which you are eligible.

To demonstrate, the federal government's grants and subsidies to public schools represent only 10 percent of total school funding.¹, the rest coming

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¹ Washington Post

from state and local taxes. The odds are better that you can secure needed resources from local sources where you at least do not have to compete with boards in other states.

The argument is consistently made that securing money and other resources can be accomplished by working on efficiencies in how local money is spent. This strategy implies a greater connection with local resources through partnerships where the board applies a change agent strategy to accomplish its vision as opposed to working independently with financial resources that they control.

Some fund raising is unavoidable if for no other reason that to meet financial obligations that are not allowable costs under the federal or foundation grants. There are several time-honored methods for raising money. Keep in mind that most states require boards to obtain permission to solicit funds even when they are already an IRS certified non-profit entity.

- C Applying for grants. This entails researching grant sources, sometimes qualifying to apply and then completing the application forms. Many times professional grants-writers are used to be more competitive.
- C Telephone and mail solicitations. A mailing or telephone list is purchased or developed. Direct mail campaigns entails writing an artful letter or brochure, enclosing a self-addressed envelope, and stuffing envelopes. Telephone solicitations usually requires volunteers operating telephones, followed by mailed materials to secure "pledges."
- C Fund raising events. These run the gamut from fancy-dress balls to bake sales. Goods or services are provided at a cost that allows the board to bring in more money than they spend. Donated items for a raffle, homemade food, entertainment and slave auctions are common ploys to raise money for charity. (Participants in these events cannot claim their purchases as a tax deduction since they received a benefit.)

C Recruiting patrons or sponsors. Large corporations are sometimes convinced to support a community project by providing money or other services. Corporate sponsors sometimes do this for public relations purposes or simply because they derive some benefit from the project.

Remember that raising funds has many legal and organizational implications.

6. EFFECTIVE BOARD MEMBERS

An effective board is a matter of deliberate strategy, not good fortune. By recruiting *community* stakeholders, giving them the knowledge and skills they need to function effectively and creating a system for replacing members as necessary, organized community boards assure a good level of continuity and effectiveness.

BOARD MEMBER DUTIES



What are the appropriate duties of the board members and what should be the work of the staff?

Short Answer

Board members must personally undertake the work that is referenced in the corporation's Articles of Incorporation and make all decisions that effect how the board does its work. In addition, most authorities believe that only board members can set policy for the organization. Board members can weaken the organization by assuming duties that exceed their authority, expertise or the time they have available to do them well. The most common example of board members performing duties that they shouldn't is when they assume staff work or direct staff work.

There are certain duties of all board members that are so fundamental that they transcend type of non-profit corporation, function of the board, or other differences among and between non-profit corporations. These duties are consistently referenced in text books by experts, e.g., Oleck and Stewart, Nonprofit Corporations, Organizations, & Associations and Association of Farmworker Opportunity Programs', <u>Directors of the Board Manual.</u>

Duties That Are Not Transferable

The following list is presented as duties common to all boards that cannot be delegated to staff, contractors or people who are not board members. They are the exclusive domain of members of the board.

- C Determine the mission of the organization.
- C Determine the board's by-laws.
- C Hire, fire, or discipline the executive director.
- C Serve as a court of appeal for complaints against the organization or any of its employees, contractors, or agents.
- C Safeguard the organizations resources and assets.
- C Maintain the integrity of the organization.
- C Appoint board members, officers, and committees.
- C Dissolve the board.
- C Establish a strategic plan for accomplishing the mission.
- C Assess its own performance and make corrections when necessary.
- C Determine that the organization's programs and activities are consistent with its mission.
- C Set policy for the organization.

Duties That Board Members May Share With Staff

There are other duties that, while staff may be involved, are still the responsibility of the board.

The board must make all decisions and accept all responsibly for the following:

- C Ensure adequate resources to fulfill the mission
- C Enhance the organization's public image.
- C Set policies that guide the operational systems of the organization.
- C Manage resources effectively.
- C Enter into contracts.

Duties That Are Best Not Assumed By Board Members

Maintaining the proper balance between power held by the board and power delegated to staff is every board's most difficult challenge.

Most experts advise boards against direct supervision and hiring of staff with the exception of the executive director or chief administrator. When board members become directly involved with the personnel decisions regarding other staff, it can lead to undercutting the executive director/chief administrator's authority. Board's should hire and supervise a capable administrator and let the administrator hire and supervise all staff who work for the organization.

BOARD MEMBER LIABILITY



When is the corporation liable and when is the board member liable?

Short Answer

A corporation is a legal entity and assumes liability for actions taken by its board and staff which is a primary reason for incorporating. Debts incurred by the corporation do not normally pass to the individual board members, nor do legal actions such as lawsuits. The condition that must exist to protect board members is this. Board members must have exercised due care in the performance of their duties. Put another way, the board must have acted in a responsible manner to carry out their fiduciary and oversight responsibilities. The trustees or board members, officers and executive staff are the corporation's decision-makers and are therefore accountable under civil law for their actions. The laws that govern such actions are state statutes which means that there is some variance from state to state

Long Answer

The following guidelines are reliable indicators of how personal and corporate liability is defined in most instances and can be the starting point for discussions with an attorney in your state if you want to confirm liability considerations for your particular nonprofit board.

Conditions That Determine When Board Members Are Liable

C Board members must be informed about the affairs of the corporation

At a minimum, board members must attend meetings regularly, have information about the affairs and finances of the corporation, and exercise independent judgment about the accuracy and reasonableness of that information . In other words, board members must use common sense and diligence.

C Board members must always act in the best interest of the corporation

This means that board members cannot have any conflict of interests, pursue personal agendas or neglect the interests of the corporation for any reason.

Procedures That Assure Board Members Are Protected

The above statements have implications on how the board is organized to conduct its business and how the corporation is structured to assure its integrity. How board members do their work can protect them from liability.

Frequency of meetings—Boards must meet often enough to review information, check on the progress of the project, and conduct the business associated with their mission. For 402 grantees, this would be determined by the frequency of reports to DOL, when milestones for measuring progress of the project occur, and how much work is entailed in maintaining an active and productive board membership.

Board records—Minutes of meetings, including committee meetings, changes in by-laws, correspondence and records of other official actions of the board are essential if board members are considered to be meeting the conditions that protect them from liability. The board must keep records sufficient to show that they have exercised reasonable care in performing their duties.

Information provided the board—The board must establish a method for keeping informed. If board members do not ask for information, they can be held accountable if wrong doing occurs without their knowledge.

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Conflicts of interest policies—The board must establish a policy that controls and mediates conflicts of interest. The absence of such

a policy exposes the board members to questions of liability if conflict of interests occurs and funds are subsequently misappropriated.

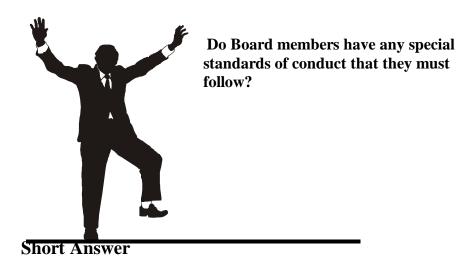
Board training—The board must show that board members received appropriate training on their duties and responsibilities.

In terms of how the corporation is organized, board members are protected from liability when the organization has:

Financial accounting systems—The board must have demonstrated that it put into place financial accounting systems sufficient to protect their funds and assets from misappropriation under normal circumstances. One interpretation of "normal circumstances" is that the accounting system meets the Generally Accepted Accounting Principles (GAAP) or the requirements specified by grantors.

Selection procedures for key staff—The board must show that its procedures for selecting staff complied with anti-discrimination laws and their own by-laws and that key staff met the qualifications for their respective positions. Employing an accountant with a criminal record for embezzlement who them misspends money will result in board members being held liable if they failed to take the precautions of checking past employment references.

Methods for assuring that laws that govern the operation of the corporation are being met—The board must show that they have a method for determining if applicable laws are being followed.



As administrators of federal grants, board members assume responsibility for public funds and must conduct themselves in a manner that assures public trust.

Long Answer

When an individual accepts the responsibility of serving as a member of a board of trustees or directors for a corporation, he or she is also making a commitment to a standard of conduct that has been well defined in various state and federal statutes, the corporation's Articles of Incorporation, bylaws and policies. Although these rules of conduct are phrased differently, they describe behavior that reflects integrity and commitment to the corporation's mission. The following is a list of general rules that touch on the most common ethical considerations for board members.

Board members cannot deliberately impede the corporation's mission.

At a minimum, board members must understand the mission and accept shared responsibility for fulfilling it. Shirking the work necessary for the mission or undermining the board's effectiveness by missing meetings, not preparing for meetings, or attending but not participating are ways that board members impede the corporation's mission.

Board members must not have any conflict of interest.

Board members of non-profit corporations should not accept favors or compensation beyond reimbursement for out-of-pocket expenses related to their board work. They cannot use their authority and privileges as a board member to profit themselves, their relatives, or friends.

Because board members determine the salaries and personnel policies of the corporation's employees, no employee should also be a board member.

Board members should avoid any business dealings with the corporations where they serve as board members.

They should not borrow money from the corporation.

If they serve on other boards or as employees of organizations having business before the board, they should excuse themselves from any deliberations or votes concerning the other organizations.

Board members cannot misrepresent their authority

Individual board members cannot speak for the board except in those instances when the board directs them to do so. Otherwise individual members must follow their by-laws and act in concert to have authority.

Board members cannot use coercion, threats or abuse to influence board decisions.

In the course of meetings, board members cannot act in an abusive manner to other members to control the behavior of the group. Shouting matches, abusive language, rudeness, and temper tantrums are justifications for dismissal from the board.

Board members must not violate the conditions and terms by which funds were received.

Board members have fiduciary responsibilities that require that money given them is spent in accordance with the conditions attached to the money.

TRAINING FOR BOARD MEMBERS



"Why is training for board members so important?

Short Answer

Training, however it is done, is the means by which board members acquire the skills and knowledge necessary to develop sound strategies, work together well and lead a community effort.

Long Answer

Training is the primary method:

- C To build ownership for the vision for members who join the board after the vision evolved.
- C To generate leadership skills that enable board members to serve as change agents or catalysts for change in the community;
- C To builds effective teams among members so they can pool their resources to enhance the power of the board.

- C To pass on technical information so that members can make informed, intelligent decisions about strategies.
- C To create good communications and community organizing skills so that members can influence others to support their cause.

When training objectives can be accomplished by passing on information, senior members of the board either informally or though structured presentations can be effective. However, when new skills are being learned, e.g., leadership training, team-building, and communication skills, qualified specialists are usually needed. This does not mean that training is inaccessible. Many service organizations, public agencies and professional associations offer free or low cost training for community organizations. Local government and public colleges are also valuable resources for community boards who need training in general skills.

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